

## FISCAL NOTE

### HB 899

April 12, 2001

#### SUMMARY OF BILL:

- Increases minimum liability limits for local governments under the Governmental Tort Liability Act to \$185,000 for bodily injury or death of any (1) person in any (1) accident, occurrence or act and not less than \$500,000 for bodily injury or death of all persons in any (1) accident, occurrence or act, and \$70,000 for bodily injury or destruction of property arising in cases from the ownership, maintenance and use of automobiles. Bill applies only to actions arising on or after July 1, 2001.
- Allows for the creation of a special agency account in the State General Fund to be known as the Local Governments Catastrophic Events Fund to pay claims for catastrophic occurrences resulting from damages exceeding the limits established in T.C.A. 29-20-403. The fund will be administered by the State Treasurer who shall have the power to reinsure, in whole or in part, any of the areas of liability or insurability of governmental entities or employees. The amount of fees and charges to be assessed initially against participants of the fund; as well as all increases or decreases, shall be determined by a study conducted by the State Treasurer's actuarial consultant.
- Requires TACIR to study and report on the minimum limits of insurance on or about January 31, 2005 and every 5 years thereafter unless the *Local Governments Catastrophic Events Fund* is established.

#### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$100,000**

**Increase State Revenues - Exceeds \$100,000**

**Increase Local Govt. Expenditures\* - \$4,325,000 - FY01-02**

Estimate assumes:

- An increase in local government expenditures as the result of raising the tort liability limits beginning in FY01-02 based on data contained in the Willis Corroon study prepared for TACIR.
- An increase in expenditures to TACIR for cost incurred for the study and report on the minimum limits.
- An increase in expenditures in the State Treasurer's office to administer the *Local Governments Catastrophic Events Fund*.
- An increase in state revenues, which assumes administrative costs of the *Local Governments Catastrophic Events Fund* will be paid from premiums collected for the fund.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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